

**VERIFIED STATEMENT (DECLARATION) NUMBER 1
IN SUPPORT OF INFORMATION DISCLOSURE STATEMENT**

IN U.S. APPLICATION SERIAL NOS. 09/684,010, 09/684,871, 09/684,870, 09/684,808, 09/684,869,
09/685,078, 09/680,649, 09/680,654, 09/684,865, 09/685,077, 09/684,014, 09/684,861, 09/684,152,
09/684,866, 09/820,377, AND 09/820,292



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I, John Dietz, hereby declare as follows:

1. I am presently an employee of iShip Inc., a wholly owned subsidiary of United Parcel Service ("UPS"). UPS is, as of the date of this Declaration, by contract, joint owner with Stamps.com Inc. of the above-named applications. Until recently, I was an employee of Stamps.com Inc., successor in interest to iShip.com, Inc., which was successor in interest to MoveIt! Software Inc. I am an inventor named on U.S. Patent Application Serial Nos. 09/684,866, 09/820,377, and 09/820,292, all of which have been assigned to Stamps.com Inc.
2. The first provisional patent application to which the present application claims priority is U.S. Provisional Patent Application Serial No. 60/158,179 which was filed on October 6, 1999, a copy of which is attached hereto as Exhibit A.
3. During 1997, I founded with others a company called at that time MoveIt! Software Inc. ("MoveIt!"). The principal offices of MoveIt! (and later iShip.com, Inc. ("iShip.com", or in the alternative, "iShip")) are in Bellevue, Washington. MoveIt! Software, Inc. was incorporated on or about May 27, 1997. I served as the Chief Operating Officer ("COO") of MoveIt and its successor, iShip.com, until the time that iShip.com merged with another company, known as Stamps.com Inc. The merged company was known as, and is known as of the date of this declaration as, Stamps.com Inc. All of the inventors of the present patent application were, at the time of the invention, employees of MoveIt!/iShip.com.
4. The founding concept of MoveIt! was to develop an affordable multi-carrier, small parcel, Internet-based shipping system for small-volume shippers such as small businesses and home offices. Carriers, such as the United States Postal Service ("USPS"), United Parcel Service ("UPS"), FedEx, and Airborne, are the companies or entities that ship small parcels from one location to another. Small parcels are letters or packages the weight of which ranges from less than one pound up to 150 pounds. The concept behind providing a multi-carrier system was to provide shippers with a single system with which shipping rate calculations, service options, and delivery schedules could be provided and compared for each parcel to be shipped for each of a plurality of carriers supported by the system. The shipper would then be able to select one of the services provided by one of the

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carrier with which to ship the particular parcel.

5. Many of the founding members of the MoveIt! team had previously worked for the consulting division of a company then known as ConnectSoft, Inc., also of Bellevue, Washington. In November 1995, UPS acquired the consulting division of ConnectSoft, Inc. The acquired ConnectSoft division became a wholly-owned subsidiary of UPS and was renamed Velleb, Inc. ("Velleb"). Velleb maintained a website at www.velleb.com.

6. At Velleb, many of the founding members of what would one day be the MoveIt! team were responsible for the development and implementation of United Parcel Service's ("UPS") shipping and tracking software package, UPS OnLine™ Professional ("UOP"). UOP was a PC-based application for a single carrier – UPS.

7. With the completion of UOP Release 3.0 in April 1997, UPS agreed to a two-step spin-off of Velleb. In the first stage of the spin-off, I and two other senior managers formed MoveIt! Software, Inc. In the second stage, a number of Velleb engineers and other employees joined MoveIt!. UPS made a substantial seed financial investment in MoveIt!.

8. During the latter half of 1997, and continuing through 1998, 1999, 2000, and indeed until the present time, MoveIt!/iShip.com and its successors in interest worked to, among other things: a.) develop and evolve shipping technology to effectively meet the small parcel shipping needs of the small business and home office; b.) develop long term relationships with each major carrier; c.) develop relationships with platform partners; d.) obtain long term funding for the company; and e.) test its shipping technology so that it could be successfully implemented for one or more platform partners. MoveIt!/iShip.com considered as potential platform partners, companies with which MoveIt!/iShip.com could jointly market the shipping technology developed. MoveIt!/iShip.com considered as potential platform partner companies various carrier-authorized shipping outlets ("ASO's") such as as Mail Boxes Etc. ("MBE"), brick and mortar retailers such Wal-Mart, and Internet-based companies such as Microsoft Network and eBay.

9. During the period beginning in the latter half of 1997 and continuing through October 1998 (the "1997-98 time frame") and beyond, I as COO of MoveIt! and others as part of the MoveIt! team, made high level visual and verbal presentations of the MoveIt! business plan and technology concept to a number of carriers, to a number of potential platform partners, to certain potential technical resources, and to a number of potential funding sources. In each case, these presentations were made under an understanding of confidentiality (some of which were written, some of which were verbal).

10. During the 1997-98 time frame, the carriers to which MoveIt!/iShip.com made presentations or with which MoveIt!/iShip.com shared information, included: UPS, USPS, FedEx, Airborne Freight Corp. ("Airborne Express"), DHL World Wide Express, Emery Worldwide, Roadway Package System, Dynamex, and Yellow Freight. In each case the presentations were made under an understanding of confidentiality (some of which were written, some of which were verbal). The non-

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disclosure agreement between Airborne Freight Corp. and MoveIt!/iShip.com is representative; a true and correct file copy is attached hereto as Exhibit B.

11. During the 1997-98 time frame, the potential platform partners and technical resources to which MoveIt!/iShip.com made presentations, or with which MoveIt!/iShip.com shared information, included: Microsoft ("MSN"), Intuit, Inc., eBay, Inc., College Enterprises Inc. ("CEI"), PackageNet, Inc., Kinko's Inc., Office Depot, Inc., Costco Companies, Inc., Pitney Bowes, Inc., Mail Boxes, Etc., CSI, Vicinity Corporation, NTM, Inc., Accumen Associates, FME Corporation DBA Neopost North America, Intel Corporation, Intermec Corporation, E-Stamp, Excite, Inc., Paula Wong Design, Inc., Senechal Communications, Marriott Corporation, H. Steven Banfield, Glenn P. Crowe, Paul T. Scheiner, and Richard Martinez. In each case the presentations were made under an understanding of confidentiality (some of which were written, some of which were verbal). The non-disclosure agreement between Pitney Bowes, Inc. and MoveIt!/iShip.com is representative; a true and correct file copy is attached hereto as Exhibit C.

12. In one of its earliest business proposals to a potential platform partner, MoveIt!/iShip.com proposed to partner with Intuit, Inc. by introducing an affordable commercial quality shrink-wrap product bundled with a small business accounting package, such as Intuit's *Quick Books*™. A true and correct file copy of the proposal made to Intuit is attached hereto as Exhibit D.

13. During the 1997-98 time frame, potential funding sources to which MoveIt!/iShip.com made presentations under an understanding of confidentiality included: Intel, UPS, and Draper Fisher Jurvetson. In each case the presentations were made under an understanding of confidentiality (some of which were written, some of which were verbal). The non-disclosure agreement between MoveIt! and Intel is representative. A true and correct file copy of the non-disclosure agreement between MoveIt! and Intel is attached hereto as Exhibit E.

14. During the 1997-98 time frame, it was MoveIt!/iShip.com's business model to propose a revenue sharing plan to potential platform partners. Under the revenue sharing business model proposed by MoveIt!/iShip.com, neither the potential platform partner, nor MoveIt!/iShip.com, would derive revenue unless and until an end consumer used the system to ship a package. Under the revenue sharing business model proposed by MoveIt!/iShip.com, revenues derived from the relevant carrier used by an end consumer to ship a package were to be split between the potential platform partner and MoveIt!/iShip.com. The proposal by iShip.com to Pitney Bowes is representative. A true and correct file copy of the proposal made to Pitney Bowes is attached hereto as Exhibit F.

15. During late November, 1997, MoveIt! entered into an agreement with College Enterprises, Inc. ("CEI"). CEI was a privately held California corporation that engaged in owning, operating and licensing "Pulse Copy & Technology Centers" located exclusively on college and university campuses around the country, including: Penn State, Stanford, University of Southern California ("USC"), University of California at Los Angeles ("UCLA"), University of California ("UC") Santa

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Barbara, San Diego State, and UC San Diego. Pulse Centers provided copy and reprographic services and sold various related services and merchandise. Under the agreement between CEI and MoveIt! (the "CEI Beta Test Agreement"), MoveIt! was to install, operate, monitor, support and nurture a Beta test version of an early prototype multi-carrier Internet-based shipping system at a selected college campus. The purpose of the Beta test was to experiment with the early stage prototype system to determine if it worked, whether it would work over the Internet, and to identify and resolve problems and issues with the system. The CEI Beta Test Agreement provided for a 50/50 revenue sharing business model of gross profits. A true and correct copy of the CEI Beta Test Agreement with MoveIt! is attached hereto as Exhibit G. Subsequent to entering into the CEI Beta Test Agreement, MoveIt!/iShip.com developed a prototype multi-carrier shipping system for Beta testing through CEI.

16. Pursuant to the CEI Beta Test Agreement, on or about April 15, 1998, MoveIt!/iShip.com installed an Internet-based shipping system prototype for Beta test pre-processing of small parcels by shippers at the University of California, Santa Barbara and for Beta test shipping of parcels by shipping station operators at the Pulse Copy and Technology Center at the University of California, Santa Barbara (the "Santa Barbara Beta Test"). The Pulse Copy and Technology Center shipping station operators were employees of or contractors to CEI and were subject to a non-disclosure agreement between MoveIt!/iShip.com and CEI. A true and correct file copy of the non-disclosure agreement between CEI and MoveIt!/iShip.com is attached hereto as Exhibit H. MoveIt!/iShip.com trained Pulse Center personnel during the period from April 15, 1998 through April 17, 1998. The Beta Test environment became available for shippers from the Santa Barbara campus to use on or about April 20, 1998.

17. In the Santa Barbara Beta Test environment, there were four types of computers that communicated through the Beta Test shipping process: a plurality of shipper client personal computers ("PC"), a single shipping station PC located in the Pulse Copy & Technology Center on the UC Santa Barbara campus, a plurality of system server computers at MoveIt!/iShip.com's headquarters (the "system servers"), and a plurality of carrier computer systems. In the Santa Barbara Beta Test environment, a shipper could locate the MoveIt! Website through the Web browser on the shipper's client PC ("pre-processing client PCs"). A shipping station operator operated the single shipping station PC. The system servers provided a user interface through the Internet with shipper client PC's and the shipping station PC. The system servers also maintained shipping data, carrier data, and other types of data. The system servers processed shipping data input by each shipper according to carrier business rules.

18. The Santa Barbara Beta Test prototype provided student and faculty shippers with the ability to pre-process their packages for shipment. Pre-processing was provided through a Web-browser on the shipper's pre-processing client PC that accessed the server computers at MoveIt!/iShip.com's headquarters over the Internet. The shipper could navigate to the secure MoveIt! Website using the

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Web-browser on the shipper's pre-processing client PC. If the shipper was visiting the MoveIt! Website for the first time, the shipper would be required to register with the system by providing shipper profile information, including name, address, zip code and the like such as depicted in page 1 of Exhibit I hereto. Once the shipper had registered with the system, and for shippers returning to the MoveIt! Website, the system would require the shipper to log into the secure environment with a user ID and password. Once the shipper had logged into the secure MoveIt! environment, the system would populate shipping-related information data fields, such as return address, from the corresponding shipper's profile information. The shipper could enter shipping address information for an intended recipient of a parcel to be shipped, including name, address, and destination zip code through a user input screen as pictured in page 2 of Exhibit I. The shipper could enter an expected drop off date, an estimated weight, package type, package dimensions and other information about the package through a user input screen as pictured in page 3 of Exhibit I. The shipper could enter various shipping options, such as declared value for package insurance, Saturday delivery and outbound alert shipment notification through a user input screen as pictured in page 3 of Exhibit I. Eventually, in the Santa Barbara Beta Test environment, shippers could rate shop and schedule shop various service levels of delivery service, such as next-day, or second day delivery from one of three carriers – UPS, FedEx and Airborne, as depicted in page 4 of Exhibit I. In the very first Beta release, only UPS rating and scheduling was supported by the system. Although the shipper could view rates and delivery schedules for multiple carriers, the shipper could only select to ship a parcel using UPS.

If the shipper wanted to ship the parcel using one of the other carriers, FedEx or Airborne, the shipper would have to do so manually without further assistance from the prototype system. For UPS shipments that could be processed by the prototype system, the system defaulted to a single drop-off location, a shipping station at the "Pulse Copy & Technology Center" on the University of California of Santa Barbara campus, as depicted in page 3 of Exhibit I. The shipper could select one of a plurality of delivery services offered by UPS with which to ship a package by clicking a rate corresponding to the service to be selected in comparison chart, as pictured in page 4 of Exhibit I, displayed on the display monitor configured with the shipper's pre-processing client PC. Once the shipper clicked on a particular rated service, the system would display a screen summarizing the shipping information and depicting an estimated shipping cost as pictured in page 5 of Exhibit I. When the shipper was satisfied with the rate, the shipper could indicate to the system to finish the preprocessing. At that point, the prototype system would then assign a unique system tracking number to the shipping transaction and display the generated tracking number to the shipper as pictured in page 6 of Exhibit I. The server computers would save information about the shipping transaction on system databases such that the shipping information was associated with the assigned tracking number. The shipper would need to print the tracking number or otherwise record it for subsequent communication to the shipping station operator. Once the tracking number was assigned, pre-processing was complete. To actually ship a parcel, the shipper, after pre-processing, would then have to physically take the package to be shipped to the shipping station at the Pulse Copy and

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Technology Center for weight validation, label generation and drop-off.

19. In the Santa Barbara Beta Test environment, at the Pulse Copy and Technology Center, a shipping station operator would place the pre-processed package on a shipping station scale and either scan in or enter the tracking number into the system. The shipping station PC would communicate the tracking number to the server computers. The server computers would receive the tracking number and would access the information on the system databases associated with that tracking number. The shipping station scale would register the weight of the parcel to be shipped. The shipping station PC was configured with software with which to communicate with the shipping station scale. The shipping station scale was connected to the shipping station PC. When the shipping station scale registered the weight of the parcel, it would communicate the weight to the shipping station PC which would in turn communicate the weight over the Internet to the server computers at MoveIt!/iShip.com's headquarters. The server computers would access a database which contained an identification of the type of scale connected with the shipping station and further contained a data schema for interpreting data received from that type of scale. The server computers used the data schema for the shipping station scale to interpret the weight sent by the shipping station PC. The server computers would use the actual weight as provided by the shipping station scale to calculate the final shipping rate, based upon the information previously input by the shipper through the pre-processing stage of the package and retrieved by the server computers as associated with the tracking number. The system would generate a final shipping amount that was displayed on the display monitor configured with the shipping station PC. The Beta Test environment did not support credit card payment. Therefore, the shipping station operator would require payment from the shipper in the final shipping amount. Upon payment receipt, the shipping station operator would authorize printing of a shipping label on a thermal label printer configured with the shipping station PC. Although the Santa Barbara Beta Test prototype pre-processing client could list rates and delivery schedules for different carriers, the shipping station only supported printing of shipping labels for UPS.

20. Eventually, in the Santa Barbara Best Test environment, a shipper could request tracking status of a particular parcel. To do so, the shipper input a system-assigned tracking number or a carrier-assigned tracking number and the system would provide a tracking status of the relevant parcel. If the shipper input a system-assigned tracking number, the system would translate the system tracking number into a carrier tracking number. The system would access the Website of the relevant carrier and format a tracking request according to the carrier's particular Website tracking request protocol. The tracking request would contain the relevant carrier tracking number for the relevant parcel. When the carrier Website responded with a tracking status, the system would translate the tracking status according to the carrier's particular Website tracking status protocol and would report the status to the requesting user.

21. MoveIt!/iShip.com supported the Santa Barbara Beta Test through several Beta releases. As a

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result of the Santa Barbara Beta Test, MoveIt!/iShip.com applied software modifications and made hardware adjustments to fix defects identified by both the Beta Test participants on the U.C. Santa Barbara campus and by MoveIt!/iShip.com support personnel. The period from April 15, 1998 through May 11, 1998 is representative – during that period, MoveIt!/iShip.com applied software modifications and made hardware adjustments to fix more than 200 different defects. Initially, MoveIt!/iShip.com had planned to implement three separate Beta releases. However, because of the number and distribution of fixes identified and applied during the entire Beta Test, MoveIt!/iShip.com implemented at least four separate Beta releases of the software – each release applying, among other things, fixes developed and applied since the prior release. The number of registered users in the Santa Barbara Beta Test environment was small. Eventually, by early October 1998, MoveIt!/iShip.com established a Quality Assurance lab to allow testing on many different browser platform environments and to develop and execute special test cases to identify further defects.

22. A production release was never installed for CEI on the Santa Barbara campus or on any other campus. No revenues derived from the use of the system to ship packages were ever shared by CEI with MoveIt!/iShip.com.

23. Sometime on or about June 20, 1997, MoveIt!/iShip.com entered a non-disclosure agreement with Microsoft Corporation. A true and correct file copy of the non-disclosure agreement between MoveIt!/iShip.com and Microsoft is attached hereto as Exhibit J. Eventually, on or around October 2, 1998, Microsoft and MoveIt!/iShip.com entered an agreement whereby MoveIt!/iShip.com would pay Microsoft a fee based on the number of "click throughs" from the MSN Website to a MoveIt!/iShip.com Website that, when implemented, would provide a multi-carrier, multi-service shipping management system over the Internet.

24. To the extent to which I did not recall certain details of portions of the subject matter of this declaration and to the extent to which I did not have complete personal knowledge of portions of the subject matter for this declaration, I refreshed my recollection of the details and obtained information concerning portions of the information described in this declaration by speaking personally with Steve Teglovic, the CEO of MoveIt!/iShip.com from 1997 through the relevant time periods, including 1999, William Smith, the Chief Technology Officer of MoveIt!/iShip.com from 1997 through the relevant time periods, including 1999, and David Bennett, Program Manager for MoveIt!/iShip.com from 1997 through the relevant time periods, including 1999, and by personally reviewing various non-disclosure agreements, business plans, business proposals and other documents, including those attached hereto as Exhibits.

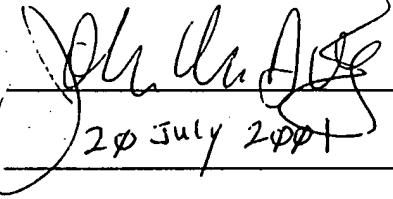
I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by

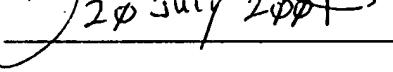
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fine or imprisonment, or both, under section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application, any patent issuing thereon, or any patent to which this verified statement is directed.

NAME OF PERSON SIGNING: John Dietz
TITLE OF PERSON IF OTHER THAN OWNER: Employee of iShip Inc.
ADDRESS OF PERSON SIGNING: 8703 NE 144th Court
Bothell, WA 98011

SIGNATURE: 

DATE:  20 July 2001

MRK/crb